

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON

PEOPLES BANK, a Washington State
chartered bank,

Plaintiff,

v.

NORCOASTER, Official Number 563617,
Her engines, tackle, apparel, furniture,
equipment, and appurtenances including
certain fishing permits and quotas, *In Rem*;
LLP PERMIT #LLG1188, *In Rem*; LLP
PERMIT #LLG1189, *In Rem*; SHIPP, LLC,
In Personam; BILL (BILLY) SHIPP JR. and
J DOE SHIPP, and their marital community,
In Personam; RALPH COLLINS and J DOE
COLLINS, and their marital community, *In*
Personam; and ANDREW N. BAKKE and
J DOE BAKKE and their marital community,
In Personam,

Defendants.

IN ADMIRALTY

NO.

COMPLAINT TO FORECLOSE
PREFERRED MARINE MORTGAGE
IN REM AND IN PERSONAM

Plaintiff Peoples Bank is the lender and *in personam* Defendants are
co-borrowers on a Preferred Marine Mortgage for Defendant vessel NORCOASTER,

1 Official Number 563617. The Mortgage is now in default.

2 1. Plaintiff Peoples Bank, a Washington State chartered bank, alleges that
3 this is a matter of admiralty and maritime jurisdiction, as more fully appears below.

4 This is an admiralty and maritime claim within the meaning of Rule 9(h). This Court
5 has original and exclusive jurisdiction over this action in admiralty, *in rem* and *in*
6 *personam*, in accordance with the provisions of 46 U.S.C. § 31325(c).

7 2. Plaintiff Peoples Bank is a Washington State chartered bank with its principal
8 place of business in Lynden, Whatcom County, Washington. All licenses, penalties and fees
9 due have been paid.

10 3. The *in rem* Defendant vessel, NORCOASTER, Official Number 563617, at
11 times relevant was a vessel duly documented under the laws of the United States. The vessel is
12 co-owned by the *in personam* defendants Shipp, LLC, Bill (Billy) Shipp, Jr. and J Doe Shipp,
13 Ralph Collins and J Doe Collins, and Andrew N. Bakke and J Doe Bakke. The boat is required
14 by the terms of the loan documents to be docked or located at Fisherman's Terminal, 3919 18th
15 Ave W Seattle, WA 98119, which is within this district and within the jurisdiction of this Court
16 and the boat is or, during the pendency of this action, will be within the jurisdiction of this
17 Court.

18 4. The *in rem* Defendant LLP PERMIT #LLG1188 is a License Limitation
19 Program Permit issued for Central Gulf and Western Gulf of Alaska Pacific Cod LLP for vessel
20 up to 74 feet in length that is an appurtenance to the NORCOASTER. LLP PERMIT
21 #LLG1188 is encumbered by the security interests granted by Shipp, LLC to Plaintiff Peoples
22 Bank as detailed below.

23 5. The *in rem* Defendant LLP PERMIT #LLG1189 is a License Limitation
24 Program Permit issued for Central Gulf and Western Gulf of Alaska Pacific Cod LLP for vessel
25 up to 74 feet in length that is an appurtenance to the NORCOASTER. LLP PERMIT

1 #LLG1189 is encumbered by the security interests granted by Shipp, LLC to Plaintiff Peoples
2 Bank as detailed below.

3 6. *In personam* Defendant Shipp, LLC, is a Washington State limited liability
4 company, actively doing business in the State of Washington under UBI Number 602 230 264,
5 at all times relevant.

6 7. *In personam* Defendant Bill (Billy) Shipp, Jr. is the Governor/Manager of Shipp,
7 LLC, part owner of *in rem* Defendant vessel NORCOASTER, Official Number 563617, and at
8 times relevant, and on information and belief, is a resident of Seattle, King County,
9 Washington. All acts alleged to be done by Defendant Bill Shipp, Jr., as described in this
10 Complaint, were undertaken on his own behalf as well as on behalf of the marital community
11 together with Defendant J Doe Shipp who is also a resident of Seattle, King County,
12 Washington, on information and belief.

13 8. *In personam* Defendants Ralph Collins and J Doe Collins are part owners of
14 vessel NORCOASTER, Official Number 563617, and, at times relevant, and on information
15 and belief, are residents of Benton County, Washington. All acts alleged to be done by
16 Defendant Ralph Collins as described in this Complaint were undertaken on his own behalf as
17 well as on behalf of the marital community together with Defendant J Doe Collins.

18 9. *In personam* Defendants Andrew Bakke and J Doe Bakke are part owners of
19 vessel NORCOASTER, Official Number 563617, and, at times relevant, and on information
20 and belief, were residents of Homer, Kenai Peninsula Borough, Alaska. All acts alleged to be
21 done by Defendant Andrew Bakke as described in this Complaint were undertaken on his own
22 behalf as well as on behalf of the marital community together with Defendant J Doe Bakke.

23 10. On or about December 10, 2015, for valuable consideration, *in personam*
24 Defendant Shipp LLC made, executed, and delivered a promissory note (the "Note") to Peoples
25 Bank. The Note, which was in the original amount of \$1,200,000.00, together with interest

1 calculated on the unpaid principal balance at an interest rate of five percent (5%) per annum,
 2 provided for four (4) regular payments of \$116,264.29 each beginning December 15, 2016, and
 3 subsequent payment due the same day of each year after that. The final payment consisting of
 4 one irregular payment estimated at \$1,010,900.42 was to be due on December 15, 2020, for
 5 principal and accrued interest not yet paid. A copy of the Note is attached as **Exhibit A** and
 6 incorporated by this reference. *In personam* defendant Billy Shipp, Jr. provided a personal
 7 guaranty of the Note, see **Exhibit B**.

8 11. The Note was secured by a Washington State Security Agreement and an Alaska
 9 State Security Agreement from Shipp, LLC, to Peoples Bank dated December 10, 2015 (UCC
 10 filing numbers 2016-022-2490-4 and 2016-001023-4) and a Washington State Security
 11 Agreement and an Alaska State Security Agreement from Billy Shipp to Peoples Bank dated
 12 December 10, 2015, (UCC filing numbers 2016-021-2404-4 and 2016-000999-0) which
 13 attached fishing permits and quotas as fully described in the foregoing and in the Commercial
 14 Security Agreement (collectively, the “Security Agreement”), copies of which are attached as
 15 **Exhibit C** and incorporated by this reference. The Note was also secured by the Preferred
 16 Marine Mortgage detailed in paragraph 12 below and attached as **Exhibit D**.

17 12. On or about December 22, 2015, in order to secure payment under the terms of
 18 the Note, *in personam* Defendants Shipp LLC, Billy Shipp, Jr., Ralph Collins, and Andrew N.
 19 Bakke, in accordance with and pursuant to the provisions of the Ship Mortgage Act of 1920 as
 20 amended, made, executed and delivered a Preferred Marine Mortgage on the defendant vessel,
 21 NORCOASTER, Official Number 563617 (the “Mortgage”), to Peoples Bank as mortgagee.
 22 At that time, all things required to be done in order to give the Mortgage the status of a
 23 preferred mortgage were done. The Mortgage was recorded by the U.S. Coast Guard National
 24 Vessel Documentation Center on March 27, 2016, Batch No. 34785900, Doc ID 3. A copy of
 25 the Mortgage is attached as **Exhibit D** and incorporated by this reference.

1 13. On or about November 30, 2016, for valuable consideration, *in personam*
2 Defendant Shipp LLC, and Billy Shipp, Jr., made, executed, and delivered a promissory note
3 for a revolving line of credit (the “Revolving Note”) to Peoples Bank. The Revolving Note,
4 which was in the original amount of \$100,000.00, together with interest calculated on the
5 unpaid principal balance at a variable interest rate, was to be paid in full upon Lender’s demand
6 or, if no demand was made, in one payment of all outstanding principal and accrued interest on
7 November 30, 2018. *In personam* defendant Billy Shipp, Jr. provided a personal guaranty of
8 the Revolving Note. A copy of the Revolving Note is attached as **Exhibit E** and incorporated
9 by this reference.

10 14. The Revolving Note was secured by a Washington State Security Agreement
11 and an Alaska State Security Agreement from Shipp, LLC, to Peoples Bank dated
12 December 10, 2015, and a Washington State Security Agreement and an Alaska State Security
13 Agreement from Billy Shipp to Peoples Bank dated December 10, 2015, which attached fishing
14 quotas as fully described in **Exhibit C** and supplemented by the attached **Exhibit F**
15 incorporated by this reference. The Revolving Note was also secured by the Preferred Marine
16 Mortgage detailed in paragraph 12 above, *see* **Exhibit D**.

17 15. On or about February 14, 2018, *in personam* Defendants Shipp LLC, Billy
18 Shipp, Jr., Ralph Collins, and Andrew N. Bakke, made, executed and delivered an Amendment
19 to Preferred Mortgage of Vessel on the *in rem* Defendant vessel, NORCOASTER, Official
20 Number 563617 (the “Amendment”), to Peoples Bank as mortgagee. The Amendment
21 increased the Mortgage amount to \$1,282,056.89 and provided that all other terms covenants
22 and conditions of the subject Preferred Marine Mortgage remained in full force and effect. The
23 Amendment was recorded by the U.S. Coast Guard National Vessel Documentation Center on
24 June 21, 2018, Batch No. 54217300, Doc ID 17. A copy of the Amendment is attached as
25 **Exhibit G** and incorporated by this reference.

1 16. On or about February 15, 2018, the original Note attached to the existing
 2 Preferred Marine Mortgage was amended and supplemented by a Change of Terms Agreement
 3 (“Agreement”). Under the terms of the Agreement, the principal amount was increased to
 4 \$1,282,056.89, together with interest at the rate of five percent (5%) accruing from December
 5 15, 2017, until fully paid. The loan was to be amortized over a period of 13 years with a
 6 balloon payment owing on the maturity date of December 15, 2020. A copy of the Agreement
 7 is attached as **Exhibit H** and incorporated by this reference.

8 17. The Change In Terms Agreement was secured by a Washington State Security
 9 Agreement and an Alaska State Security Agreement from Shipp, LLC, to Peoples Bank dated
 10 December 10, 2015, on fishing quotas and permits, and a Washington State Security
 11 Agreement and an Alaska State Security Agreement from Billy Shipp to Peoples Bank dated
 12 December 10, 2015, on fishing quotas and permits. The Agreement was also secured by the
 13 Preferred Marine Mortgage detailed in paragraph 12 above, amended as detailed in paragraph
 14 15 above. (See Exhibits C, D, F, and G.)

15 18. On or about December 15, 2018, for valuable consideration, *in personam*
 16 Defendant Shipp LLC, (“Borrower”) made, executed, and delivered a Change In Terms
 17 Agreement (“Revolving Agreement”) for a revolving line of credit to Peoples Bank. The
 18 Revolving Agreement replaced the Revolving Note (detailed at paragraph 11 above) which was
 19 in the original amount of \$100,000.00. The Revolving Agreement was in the amount of
 20 \$100,260.41 which included the unpaid principal of \$100,000 and accrued interest of \$260.41.
 21 Borrower made a principal reduction in the amount of \$25,000 at the time of signing. The
 22 interest rate remained variable rate and the loan maturity date was extended to December 15,
 23 2019, with one payment of all outstanding principal and accrued interest on to be made on
 24 December 15, 2019. A copy of the Revolving Agreement is attached as **Exhibit I** and
 25 incorporated by this reference.

1 19. The Revolving Agreement was secured by a Washington State Security
2 Agreement and Alaska State Security Agreement from Shipp, LLC, to Peoples Bank dated
3 December 10, 2015, on fishing quotas and permits (UCC filing numbers 2016-022-2490-4 and
4 2016-001023-4) and by restated collateral on the same; by a Washington State Security
5 Agreement and an Alaska State Security Agreement from Billy Shipp to Peoples Bank dated
6 December 10, 2015, on fishing quotas and permits (UCC filing numbers 2016-021-2404-4
7 AND 2016-000999-0) and by restated collateral on the same; and by the Preferred Marine
8 Mortgage detailed in paragraph 12 above, amended as detailed in paragraph 15 above. (See
9 **Exhibits C, D, F, G.**)

10 20. On or about December 15, 2018, Defendants Shipp, LLC, and Billy Shipp, Jr. as
11 an individual grantor, and Plaintiff/lender Peoples Bank entered into an Addendum to
12 Commercial Security Agreement Dated December 10, 2015 ("Addendum") which amended
13 and supplemented the Security Agreement (detailed in paragraph 9 above), attaching LLP
14 PERMIT #LLG1189 as additional collateral on behalf of Shipp, LLC, and fishing quotas as
15 additional collateral on behalf of Billy Shipp, Jr. Copies of the Addendum are attached hereto
16 as **Exhibit J** and incorporated by this reference.

17 21. The defendants breached the terms of the Notes and of the Mortgage in that they
18 failed to timely make payments, as required and have failed to pay the Notes in full on their
19 maturity dates.

20 22. In spite of demands, the defendants have failed to cure these defaults and have
21 allowed them to continue.

22 23. Because of these defaults, as provided for in the Note, plaintiff has elected to
23 declare the entire unpaid principal plus all accrued and unpaid interest due. As of January 14,
24 2022, there was a total of \$795,026.34 in unpaid principal, interest and charges due and owing
25 on the loan. At the default rate of interest of 12% per annum, interest on the entire amount due

1 accrues at \$215.5641567 per day. Interest and charges are continuing to accrue and now costs
2 have begun to accrue.

3 24. Because of these defaults, as provided for in the Revolving Note, plaintiff has
4 elected to declare the entire unpaid principal plus all accrued and unpaid interest due. As of
5 January 14 2022, there was a total of \$82,326.56 in unpaid principal, interest and charges due
6 and owing on the loan. At the default rate of interest of 12% per annum, interest on the entire
7 amount due accrues at \$25.00 per day. Interest and charges are continuing to accrue and now
8 costs have begun to accrue.

9 25. The Notes also provide that borrower has agreed to pay all expenses, including
10 attorneys' fees, legal expenses and court costs, incurred by Lender for collecting any amounts
11 owned on the Notes and that, if judgment is entered in connection with the loan(s), interest will
12 continue to accrue after the date of judgment at the rate in effect at the time judgment is
13 entered.

14 26. Reasonable attorneys' fees in the case of default are \$15,000.00. If this matter is
15 contested or if any related action, e.g., bankruptcy, requires representation, additional fees and
16 costs will be incurred,

17 WHEREFORE, plaintiff Peoples Bank prays for judgment as follows:

18 1. That plaintiff Peoples Bank be granted judgment against the defendant vessel,
19 NORCOASTER, Official Number 563617, her engines, tackle, apparel, furniture, equipment,
20 and appurtenances including the fishing permits and quotas identified above, *in rem*, and
21 against defendants LLP PERMIT #LLG1188, *in rem*; LLP PERMIT #LLG1189, *in rem*; and
22 against defendants SHIPP, LLC, *in personam*; BILL (BILLY) SHIPP JR. and J DOE SHIPP,
23 and their marital community, *in personam*; RALPH COLLINS and J DOE COLLINS, and their
24 marital community, *in personam*; and ANDREW N. BAKKE and J DOE BAKKE and their
25 marital community, *in personam*, jointly and severally, to the extent that they are liable under

1 the Note, the Revolving Note and/or the Preferred Marine Mortgage, for the following
2 amounts:

3 a. \$795,026.34 together with prejudgment interest from January 14, 2022,
4 at the rate of \$215.5641567 per day; and

5 b. \$82,326.56 together with prejudgment interest from January 14, 2022, at
6 the rate of \$25.00 per day; and

7 c. Post judgment interest, at the default rate provided in the loans, from the
8 date of entry of judgment until paid; and

9 d. All costs of this action, including charges for all fees for keepers and
10 their costs incurred in this action and for all attorneys' fees, costs and expenses for the arrest,
11 recovery, transport, custody, moorage, insurance, survey, maintenance, repair, replacement,
12 care and sale of the defendant vessel, her engines, tackle, apparel, furniture, appurtenances and
13 equipment; and

14 e. Reasonable attorneys' fees.

15 2. That plaintiff be adjudged the holder of the first preferred marine mortgage on
16 the NORCOASTER, Official Number 563617, for the payment of the judgment *in rem*. That
17 plaintiff be adjudged the holder of a first position security interests in all *in rem* defendants.

18 3. That process is due in form of law issue against the defendant vessel and *in rem*
19 defendants.

20 4. That this Court declare the lien of the Mortgage to be superior to all other liens
21 which may exist against the vessel. That this Court declare the security interests granted to
22 plaintiff to be superior to all other liens, interests and security interests which may exist against
23 the *in rem* defendants.

24 5. That the Mortgage be foreclosed and the plaintiff's other security interests be
25 foreclosed and the defendant vessel, NORCOASTER, Official Number 563617, her engines,

tackle, apparel, furniture, equipment, and appurtenances including certain fishing permits and quotas and other *in rem* assets be sold in accordance with the law, that the proceeds of the sale(s) be applied and delivered to pay the demands and claims of plaintiff in the amount and to the extent set forth herein, together with all costs and attorneys' fees, and that it be declared that any and all persons, firms, and corporations claiming any interest in the defendant vessel or the other *in rem* defendants, be forever foreclosed of and from all rights of equity or redemption of claim in or to the defendant vessel and other *in rem* defendants.

6. That, at the sale of NORCOASTER, Official Number 563617, her engines, tackle, apparel, furniture, equipment, and appurtenances including certain fishing permits and quotas, and sale of LLP PERMIT #LLG1188 and LLP PERMIT #LLG1189, plaintiff be permitted, but not required, to bid without cash deposit up to the extent of its judgment.

7. That plaintiff have and recover jointly and severally from and against defendants SHIPP, LLC, *in personam*; BILL (BILLY) SHIPP JR. and J DOE SHIPP, and their marital community, *in personam*; and to the extent, if any, that they are liable under the Note, the Revolving Note and/or the Preferred Marine Mortgage, jointly and severally against RALPH COLLINS and J DOE COLLINS, and their marital community, *in personam*; and ANDREW N. BAKKE and J DOE BAKKE and their marital community, *in personam*., any deficiency after the application and delivery of the proceeds of sale of the defendant vessel, her engines, equipment, etc. and *in rem* assets, on the judgment requested herein, net of all attorneys' fees, costs and expenses for the arrest, recovery, transport, custody, moorage, insurance, survey, maintenance, repair, replacement, care and sale of the defendant vessel, her engines, tackle, apparel, furniture, appurtenances and equipment.

8. That, in the event the defendant vessel and *in rem* assets are sold to any party other than plaintiff, the amount received by plaintiff from the sale(s) be credited against the *in personam* judgment granted herein but that, in the event plaintiff is the successful bidder, the

1 amount credited against the *in personam* judgments be the proceeds of the subsequent sale(s) of
 2 the defendant vessel and *in rem* assets, net of all attorneys' fees, costs and expenses for the
 3 arrest, recovery, transport, custody, moorage, insurance, survey, maintenance, repair,
 4 replacement, care and sale of the defendant vessel, her engines, tackle, apparel, furniture,
 5 appurtenances and equipment and other *in rem* assets.

6 9. That plaintiff have such other and further relief in the premises and in law and
 7 justice as it may be entitled to receive.

8 DATED this 3 day of February, 2022.

9 SKAGIT LAW GROUP, PLLC

10
11 By 

12 CRAIGE E. CAMMOCK, WSBA #24185
 13 Attorneys for Plaintiff

14 STATE OF WASHINGTON
 15 COUNTY OF WHATCOM

16 Ivan Dochovski, being first duly sworn on oath, deposes and says:


17 I am Vice President, Credit Risk Manager, of Peoples Bank, plaintiff herein. I have
 18 read the above and foregoing Complaint, know the contents thereof, and believe the same to be
 19 true.

20 DATED this 3rd day of February, 2022.

21 
 22 IVAN DOCHOVSKI

23 SUBSCRIBED AND SWORN to before me this 3 day of February, 2022, by Ivan Dochovski.

24 **NOTARY PUBLIC**
STATE OF WASHINGTON
TANNER BASS
 25 License # 21001216
 Commission Expires
 November 10, 2024


 NOTARY PUBLIC in and for the State of Washington
 Printed Name: Tanner Bass
 My appointment expires Nov 10, 2024

Complaint to Foreclose Preferred Marine Mortgage
In Rem and In Personam - 11

Skagit Law Group, PLLC
 Post Office Box 336 / 227 Freeway Drive, Suite B
 Mount Vernon, Washington 98273
 Telephone: 360.336.1000 • Facsimile: 360.336.6690